

Congress of the United States
House of Representatives
Washington, DC 20515-4906

July 6, 2004

**Increase Pell Grants
At No Additional Taxpayer Cost**

Dear Republican Colleague,

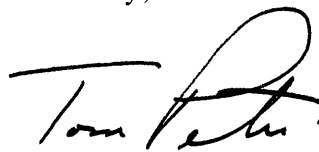
I would like to call your attention to a recent letter sent to members of Congress by the American Council on Education (ACE). A copy is printed on the reverse.

The letter indicates that every major national higher education organization supports using federal savings generated by Direct Student Loans to increase aid for low-income students. I have introduced bi-partisan legislation that would accomplish this. The *Direct Loan Reward Act* (H.R. 4370) captures a portion of the savings from Direct Loans and uses them to boost Pell Grants. Because the bill taps savings from schools switching to the Direct Loan Program, there would be no new cost to taxpayers. Pell Grants at some schools could increase by as much as \$2,000 per student.

I hope that you will consider cosponsoring the *Direct Loan Reward Act*. It's an excellent way to show that Republicans support student aid increases while maintaining our fiscally conservative values.

Please contact Jason Delisle (5-2476) for more information or to cosponsor.

Sincerely,



Thomas E. Petri
Member of Congress



Office of the President

June 30, 2004

Dear Representative:

On behalf of the higher education associations listed below, I write to express our support for a bipartisan concept that is under consideration to redirect some of the financial benefits derived from the William D. Ford Direct Loan Program toward grant assistance for low-income students. This idea has emerged in conjunction with the reauthorization of the Higher Education Act in both the House and Senate, and we urge that it be given thorough consideration and encouragement.

Since the inception of the Direct Loan Program, we have steadily argued that some or all of the financial benefits derived from the program should be made available as an added source of need-based grant assistance. Likewise, we have recommended that there should be flexibility afforded the Federal Family Education Loan (FFEL) Program to utilize a portion of its proceeds in a similar fashion. We believe that two positive objectives would be accomplished by amending the loan statutes in this manner: first, a new source of grant funding for low-income students could be tapped, and second, healthy competition between the Direct Loan Program and the FFEL Program could be maintained.

While we are not endorsing either the House or Senate legislation at this time, we are enthusiastic about exploring the concept of how best to use any resources gained through the Direct Loan Program to benefit low-income students. We look forward to working with you to ensure that certain logistical aspects of the proposal are workable. At a time when the deficit threatens prospects for appropriations increases in the Pell Grant and campus-based aid programs, proposals to identify new sources of funding are a promising development.

We believe the proposals that have been put forward in the House by Representatives Miller and Petri, and in the Senate by Senator Kennedy have substantial merit, and we urge you to give them careful consideration.

Sincerely,

A handwritten signature in cursive script that reads 'David Ward'.

David Ward
President

DW/cms

On behalf of:

American Association of Collegiate Registrars and Admissions Officers
American Association of Community Colleges
American Association of State Colleges and Universities
American Council on Education
Association of American Universities
Association of Jesuit Colleges and Universities
Council for Opportunity in Education
Hispanic Association of Colleges and Universities
National Association for Equal Opportunity in Higher Education
National Association of Independent Colleges and Universities
National Association of State Universities and Land-Grant Colleges